

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SS-15 L-02 CIAE-00 COME-00

DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 RSC-01 CG-00

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R 082215Z JAN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5491

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E.O. 11652: N/A

TAGS: EWWT, GT

SUBJECT: SHIPPING: DELTA-FLOMERCA PROBLEM

REF: GUATEMALA 6878, DECEMBER 19

1. EMBOFF CALLED ON FONMINISTRY LEGAL ADVISOR JORGE RUBIO JUAREZ JANUARY 8 TO DETERMINE CURRENT STATUS MINISTRY'S INVOLVEMENT IN DELTA-FLOMERCA PROBLEM. RUBIO, WHO HAS BEEN ON EXTENDED VACATION, REPORTED THAT HE HAD PREPARED DETAILED BRIEFING PAPER ON ISSUE WHICH WAS SUBMITTED TO VICE MINISTER OBIOLS NOVEMBER 19. IN HIS STUDY, RUBIO CAME TO THE CONCLUSION THAT MARITIME TAX WAS MOST APPROPRIATE SOLUTION BOTH TO DELTA-FLOMERCA PROBLEM AND TO FLOMERCA'S OWN LONG-RANGE FINANCIAL PROBLEMS. ACCORDINGLY, RUBIO ALSO PREPARED A DRAFT OF A POSSIBLE MARITIME BAX BILL AND RECOMMENDED THAT IT BE PASSED BY THE MINISTRY TO THE COUNCIL OF STATE FOR CONSIDERATION AND EVENTUAL PRESENTATION TO CONGRESS. WITH REGARD TO IMPORTANCE OF TAX TO FLOMERCA, RUBIO MADE POINT IGNORED BY OTHER OBSERVERS OF ISSUE: WITH FISCAL INCENTIVES ENJOYED BY MOST GUATEMALAN INDUSTRIES EXPRING OVER NEXT FIVE YEARS, FLOMERCA WILL SOON CONFRONT SITUATION IN WHICH IT WILL NO LONGER HAVE CAPTIVE CLIENTELE

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AND ACCORDINGLY WILL FIND IT DIFFICULT TO NEGOTIATE

ASSOCIATION ARRANGEMENTS WITH FOREIGN LINES AND THUS WILL FACE LOSS OF REVENUE. RUBIO CLAIMED THAT HE HAD DISCUSSED THIS PROSPECT WITH PRESIDENT MARTINEZ OF FLOMERCA AND FOUND HIM RECEPTIVE TO TAX SCHEME AS ALTERNATIVE REVENUE SOURCE. AS TO WHETHER FONMIN ACTED UPON HIS RECOMMENDATION, RUBIO COULD NOT SAY AND, RATHER THAN PURSUE MATTER HIMSELF, SUGGESTED THAT EMBOFF DISCUSS ISSUE WITH VICE MIN OBIOLS.

2. COMMENT: UNFORTUNATELY, OBIOLS IS ON VACATION AND IS NOT EXPECTED BACK UNTIL LATE IN THE MONTH. WE WILL PURSUE OTHER SOURCES ATTEMPT DETERMINE WHETHER GOG HAS FINALLY ADOPTED MARITIME TAX PER RUBIO'S RECOMMENDATION. IT SHOULD BE NOTED THAT RUBIO'S RECOMMENDED DRAFT IS NOT REPEAT NOT THAT WHICH CHAMBER OF COMMERCE HAS PRESENTED TO COUNCIL OF STATE. IT IS VERY SIMILAR, HOWEVER, AND IF GOG ADOPTS THIS STANCE THE TWO VERSIONS CAN BE EASILY RECONCILED. FERCH

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Message Attributes

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Margaret P. Grafeld
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TAGS: EWWT, GT, DELTA STEAMSHIP CO, FLOMERICA, (JUAREZ, JORGE RUBIO)
To: STATE
Type: TE
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